

# TINKA RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2018

This discussion and analysis of financial position and results of operation is prepared as at January 22, 2019 and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended September 30, 2018 and 2017 of Tinka Resources Limited (the "Company" or "Tinka"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

### Forward-Looking Statements

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward-Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as "seek," "anticipate," "believe," "plan," "estimate," "expect," and "intend" and statements that an event or result "may," "will," "can," "should," "could," or "might" occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in Tinka's public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; successful completion of planned drill program; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and Tinka's ability to attract and train key personnel; changes in world metal markets and equity markets beyond Tinka's control; mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized; production rates and capital and other costs may vary significantly from estimates; unexpected geological conditions; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; community relations; all phases of a mining business present environmental and safety risks and hazards and are subject to environmental and safety regulation, and rehabilitation and restitution costs; and management of Tinka have experience in mineral exploration but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Although Tinka believes that the expectations reflected in the Forward-Looking Statements, and the assumptions on which such Forward-Looking Statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on Forward-Looking Statements, as there can be no assurance that the plans, intentions or expectations upon which the Forward-Looking Statements are based will occur. Forward-Looking Statements herein are made as at the date hereof, and unless otherwise required by law, Tinka does not intend, or assume any obligation, to update these Forward-Looking Statements.

All of the Company's public disclosure filings, including its most recent annual information form, management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) or the Company's website [www.tinkaresources.com](http://www.tinkaresources.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

### Company Overview

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of base and precious metals mineral properties in Peru with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation. The Company's activities have been focused on developing its 100% owned Ayawilca and Colquipucro Properties (collectively the "Ayawilca Project"), located 40 kilometres northwest of Cerro de Pasco, Central Peru. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its

properties. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange (“TSXV”) as a Tier 1 issuer, under the symbol “TK”, on the Lima Stock Exchange under the symbol “TK”, on the Frankfurt Exchange under the symbol “TLD”.

During fiscal 2018 the Company conducted equity financings to raise gross proceeds totalling \$16,239,496. The Company received an additional \$5,203,154 on the exercises of share options and warrants. Subsequent to September 30, 2018 a further \$393,566 was received on the exercise of warrants and share options. Proceeds from the equity financings and exercises will be used to fund ongoing exploration on the Ayawilca Project and for other corporate purposes and general working capital. See also “Results of Operations - Financings” and “Financial Condition/Capital Resources”.

### **Current Directors and Officers**

As at the date of this MD&A, the Company’s Directors and Officers were as follows:

Graham Carman	- President, Chief Executive Officer (“CEO”) and director
Ben McKeown	- Non-executive Chairman, and director
Nick DeMare	- Chief Financial Officer (“CFO”) and director
Alvaro Fernandez-Baca	- Vice President Exploration
Mary Little	- Director
Pieter Britz	- Director
Mariana Bermudez	- Corporate Secretary

### **Exploration Projects, Peru**

#### **Introduction**

As at the date of this MD&A, Tinka held 100% ownership of 59 granted mining concessions covering 16,917 hectares at the Company’s flagship Ayawilca Property in the Pasco region of Central Peru. The Ayawilca Property is located 250 kilometres northeast of Lima in the central Peru Andes at elevations of between 3,800 and 4,300 metres. The Property is 40 km northwest of the Cerro de Pasco zinc-lead-silver-copper mine, a large carbonate replacement deposit (“CRD”) that has been mined continuously for centuries.

The key asset at Ayawilca is the “Zinc Zone” deposit, a Tinka discovery made by a scout drill program in 2011-2012. Tinka has now drilled 68,173 metres at Ayawilca (mostly in 2017 and 2018) and has identified a large, high-grade zinc resource which remains open at depth. In addition to the zinc, Ayawilca also hosts significant tin mineralization at the “Tin Zone” in a different area of the deposit. A smaller silver oxide deposit known as “Colquipucro” is located 2 km north of the Ayawilca resource area, which was explored and defined to a resource level by Tinka between 2009 and 2014.

The Ayawilca Zinc Zone is a “blind” deposit lying at depths of between 120 metres to 450 metres from surface. Zinc mineralization occurs in the form of flat-dipping sulphide “mantos” typically 5 to 30 metres thick, and up to 50 metres thick. Very high-grade zones grading >12% zinc can occur over vertical thicknesses of between 1 to 20 metres. At West and South Ayawilca, mantos are stacked on top of each other and can be mineralized almost continuously over vertical thicknesses of 100 to 150 metres. Mineralization is also known at Central and East Ayawilca. Zinc occurs in the sulphide form as high iron sphalerite (known as marmatite) together with lower iron sphalerite, accompanied by pyrite, pyrrhotite, and/or magnetite with minor galena, arsenopyrite, and chalcopyrite. Zinc is typically accompanied by indium (chemical formula “In”), a high value specialty metal used in the hi-tech industry. Tinka believes there are strong similarities in style of mineralization between Ayawilca and the nearby Cerro de Pasco CRD deposit.

Zinc mineralization at Ayawilca is predominantly hosted by the Pucara Group limestone, a Triassic-Jurassic formation 150 to 200 metres thick, which in the area of the resource is flat to gently east dipping (and does not outcrop). The Pucara limestone is overlain by flat-dipping Goyllarisguizga (“Goyllar”) quartz sandstones of Cretaceous age, which form prominent flat-dipping outcrops. The Goyllar sandstones can be mineralized at or near the contact with limestone, and also host steeply dipping zinc-rich veins (which are not included in the resource). During formation of the zinc deposit, the Goyllar sandstone acted as an impermeable “seal” to the mineralization, the key reason as to why Ayawilca was not discovered until recent times. The mineralization is interpreted to be Miocene in age (10 to 15 million years ago), associated with an unidentified intrusion at depth.

Tin mineralization pre-dates the zinc, and is hosted by flat-lying pyrrhotite-rich sulphide mantos typically 10-15 metres thick and up to 50 metres thick near the base of the limestone in contact with underlying phyllite (Excelsior Formation). The Tin Zone resource does not overlap with the Zinc Zone, and is generally offset and beneath the zinc mineralization. The bulk of the Tin Zone resource is located at Central Ayawilca. Tin is hosted principally by the mineral cassiterite, accompanied by pyrrhotite, pyrite and minor chalcopyrite, stannite and arsenopyrite.

The Colquipucro silver zone lies two kilometres north of the Ayawilca resource. Silver mineralization at Colquipucro outcrops, and is hosted by fractured and oxidized Goyllar Group sandstone. The strongest grades are associated with fracture zones that are rich in iron oxides. Silver mineralization occurs from surface to a depth of about 80 metres. Tinka drilled 9,003 metres in 50 holes at Colquipucro between 1996 and 2014. No drilling has been carried out at the Colquipucro resource since 2014, although a few zinc exploration holes have been drilled outside of the silver resource area during the 2015-2018 period.

### **Recent Exploration Results**

Tinka drilled 20,400 metres at Ayawilca during 2018, targeting additional zinc resources at the West, South, Central and East Ayawilca areas. Drilling was suspended in October 2018, to provide our geological team the opportunity to interpret and compile the new drill data, and to commence a Preliminary Economic Assessment (“PEA”).

Several step-out holes were drilled at West, South, and Central Ayawilca during the September 2018 quarter, with all drill results released during September and October. Highlights from these holes are provided in the list below:

#### *Recent Step-Out Drill Hole Results*

Hole A18-138 (Central Ayawilca):

- 1.5 metres at 19.3% zinc, 100 g/t silver & 138 g/t indium from 146.2 metres depth.

Hole A18-148 (Central Ayawilca):

- 5.5 metres at 9.8% zinc, 8 g/t silver & 42 g/t indium from 378.6 metres depth.

Hole A18-158 (Central Ayawilca):

- 1.5 metres at 9.6% zinc, 1.2% lead and 32g/t indium from 458.4 metres depth.

Hole A18-146 (South Ayawilca):

- 1.7 metres at 26.9% zinc, 0.9% lead & 1,526 g/t silver from 57.0 metres depth.

Hole A18-152 (South Ayawilca):

- 1.2 metres at 13.8% zinc, 0.8% lead, 817g/t silver and 64g/t indium from 156.3 metres depth.

Hole A18-150 (West Ayawilca):

- 9.6 metres at 6.3% zinc, 5 g/t silver & 77 g/t indium from 337.9 metres depth.

Seven (7) resource infill holes were drilled at West and South Ayawilca to improve the Company’s geological model and to target additional zinc mineralization. Highlights from the infill holes are provided in the list below:

#### *Recent Infill Drill Hole Results*

Hole A18-141 (West Ayawilca):

- 89.0 metres at 5.0% zinc, 11 g/t silver & 97 g/t indium from 288.0 metres depth, including 3.0 metres at 22.4% zinc, 30 g/t silver & 129 g/t indium from 374.0 metres depth.

Hole A18-143 (West Ayawilca):

- 14.0 metres at 9.1% zinc, 10 g/t silver & 15 g/t indium from 146.0 metres depth; and
- 5.5 metres at 15.1% zinc, 19 g/t silver & 196 g/t indium from 298.0 metres depth, including 2.9 metres at 24.8% zinc, 29 g/t silver & 298 g/t indium from 300.2 metres depth.

Hole A18-145 (West Ayawilca):

- 42.0 metres at 5.2% zinc, 12 g/t silver & 144 g/t indium from 302.0 metres depth.

Hole A18-137 (West Ayawilca):

- 12.7 metres at 10.3% zinc, 18 g/t silver & 306 g/t indium from 279.3 metres depth, including 3.2 metres at 25.7% zinc, 35 g/t silver & 638 g/t indium from 286.9 metres depth.

Hole A18-140 (West Ayawilca):

- 9.0 metres at 8.8% zinc, 10 g/t silver & 78 g/t indium from 283.6 metres depth;

Hole A18-139 (South Ayawilca):

- 20.5 metres at 5.6% zinc, 5 g/t silver & 63 g/t indium from 248.0 metres depth, including 2.4 metres at 18.1% zinc, 17 g/t silver & 162 g/t indium from 258.6 metres depth; and
- 2.9 metres at 15.7% zinc, 0.5% lead & 29 g/t silver from 313.1 metres depth.

Hole A18-142 (South Ayawilca):

- 19.1 metres at 8.5% zinc, 16 g/t silver & 105 g/t indium from 232.7 metres depth, including 2.1 metres at 38.4% zinc, 31 g/t silver & 525 g/t indium from 243.6 metres depth.

*Note: True thicknesses of the zinc intersections are estimated to be at least 85% of the downhole thicknesses, except for vein intercepts (marked \*) where true thicknesses are unknown.*

### **Mineral Resources at the Ayawilca Project**

On November 26, 2018, the Company announced an updated Mineral Resources estimate for its Ayawilca zinc and tin deposits. Part of the Zinc Zone Mineral Resource is now classified as Indicated, incorporating a higher-grade portion of the deposit. In addition, the updated Inferred Mineral Resource is of a similar size and grade to the previous Zinc Zone resource reported in November 2017. The updated Tin Zone Inferred Mineral Resource is also substantially larger. The Tin Zone and Zinc Zone resources do not overlap. The Mineral Resources are reported above an NSR cut-off value of US \$55/tonne, as estimated by Roscoe Postle Associates Inc. (“RPA”) of Toronto, Canada.

**Table 1 - Ayawilca Deposit Indicated Mineral Resource - Zinc Zone as of November 26, 2018**  
**Sensitivities at various cut-off grades**

NSR \$/t Cut-off	Tonnage (Mt)	ZnEq (% grade)	Zinc (%)	Lead (%)	Indium (g/t)	Silver (g/t)
40	13.6	7.4	6.3	0.16	75	15
50	12.4	7.9	6.7	0.17	80	15
<b>55</b>	<b>11.7</b>	<b>8.1</b>	<b>6.9</b>	<b>0.16</b>	<b>84</b>	<b>15</b>
60	10.8	8.5	7.2	0.16	89	16
70	9.4	9.2	7.7	0.15	99	16
80	7.9	10.0	8.4	0.15	111	17

Notes:

1. Base case highlighted with bold text.
2. See Table 4 for notes.

**Table 2 - Ayawilca Deposit Inferred Mineral Resources - Zinc Zone as of November 26, 2018**  
**Sensitivities at various cut-off grades**

NSR \$/t Cut-off	Tonnage (Mt)	ZnEq (% grade)	Zinc (%)	Lead (%)	Indium (g/t)	Silver (g/t)
40	52.7	6.2	5.2	0.24	60	17
50	48.1	6.5	5.4	0.24	64	17
<b>55</b>	<b>45.0</b>	<b>6.7</b>	<b>5.6</b>	<b>0.23</b>	<b>67</b>	<b>17</b>
60	41.5	7.0	5.8	0.23	70	18
70	33.9	7.6	6.4	0.22	78	18
80	26.9	8.3	6.9	0.22	86	20

Notes:

1. Base case highlighted with bold text.
2. See Table 4 for notes.

**Table 3 - Ayawilca Deposit Inferred Mineral Resources - Tin Zone as of November 26, 2018**  
**Sensitivities at various cut-off grades**

NSR \$/t Cut-off	Tonnage (Mt)	SnEq (% grade)	Tin (%)	Copper (%)	Silver (g/t)
40	17.1	0.65	0.57	0.20	18
50	15.9	0.67	0.60	0.20	18
<b>55</b>	<b>14.5</b>	<b>0.70</b>	<b>0.63</b>	<b>0.21</b>	<b>18</b>
60	12.5	0.76	0.68	0.22	17
70	10.1	0.84	0.76	0.23	18
80	8.3	0.92	0.84	0.25	18

Notes:

1. Base case highlighted with **bold** text.
2. See Table 5 for notes.

**Detail of Mineral Resource Estimates**

RPA updated the Ayawilca Mineral Resource estimate using the drill results available to October 9, 2018 (Tables 4 and 5). Two types of mineralization occur at Ayawilca, zinc-indium-silver-lead mineralization (“Zinc Zone”) and tin-copper-silver mineralization (“Tin Zone”).

The Zinc Zone Mineral Resources are hosted by the 200 metre thick Triassic-Jurassic Pucará Group limestone and located beneath the Goyllarisguizga Group sandstone unit which outcrops, and hosts the Colquipucro silver oxide deposit located 1.5 km to the north. The Zinc Zone deposit is made up of multiple, gently dipping lenses or ‘mantos’ in the Central and East Ayawilca zones and as massive replacement bodies within structural zones in the West and South Ayawilca zones, all located above Paleozoic basement rocks. Most of the known polymetallic mineralization occurrences in central Peru are located in a similar geological environment. The Mineral Resources within the Zinc Zone are reported at a US\$55/t Net Smelter Return (NSR) cut-off value. Indicated Mineral Resources are estimated to total 11.7 million tonnes at average grades of 6.9% Zn, 84 g/t In, 15 g/t Ag, and 0.16% Pb. Inferred Mineral Resources are reported at 45.0 million tonnes at average grades of 5.6% Zn, 67 g/t In, 17 g/t Ag, and 0.23% Pb.

The increase in tonnage as compared to the [previous resource estimate](#), dated October 10, 2017, is due to an increase in volume of the interpreted mineralized zones defined by the additional drilling during the 2018 campaign.

**Table 4 - Zinc Zone Mineral Resources at Ayawilca Deposit**  
**As of November 26, 2018**

Area	Tonnage (Mt)	ZnEq (%)	Zn (%)	Pb (%)	In (g/t)	Ag (g/t)	Zn (Mlb)	Pb (Mlb)	In (kg)	Ag (Moz)
<b>Indicated</b>										
West	7.8	7.7	6.5	0.20	72	15	1,126	35	561	3.9
South	3.9	9.1	7.6	0.09	108	16	652	8	422	2.0
<b>Total Indicated</b>	<b>11.7</b>	<b>8.1</b>	<b>6.9</b>	<b>0.16</b>	<b>84</b>	<b>15</b>	<b>1,778</b>	<b>42</b>	<b>983</b>	<b>5.8</b>
<b>Inferred</b>										
West	5.0	7.1	6.4	0.27	34	17	699	30	170	2.8
Central	18.6	5.6	4.6	0.23	62	12	1,884	95	1,153	7.5
East	11.3	5.9	5.0	0.18	56	14	1,238	44	633	5.0
South	10.2	9.6	7.9	0.27	103	30	1,764	61	1,047	9.9
<b>Total Inferred</b>	<b>45.0</b>	<b>6.7</b>	<b>5.6</b>	<b>0.23</b>	<b>67</b>	<b>17</b>	<b>5,585</b>	<b>230</b>	<b>3,003</b>	<b>25.2</b>

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported above a cut-off NSR value of US \$55 per tonne.
3. The NSR value was based on estimated metallurgical recoveries, assumed metal prices and smelter terms, which include payable factors, treatment charges, penalties, and refining charges. Metal price assumptions were: US \$1.15/lb Zn, US \$300/kg In, US \$15/oz Ag, and US\$1.00/lb Pb. Metal recovery assumptions were: 90% Zn, 75% In, 60% Ag, and 75% Pb. The NSR value for each block was calculated using the following NSR factors: US \$15.34 per % Zn, US\$ 4.70 per % Pb, US \$0.18 per gram In, and US \$0.22 per gram Ag.
4. The NSR value was calculated using the following formula:  

$$\text{NSR} = \text{Zn}(\%) * \text{US } \$15.34 + \text{Pb}(\%) * \text{US } \$4.70 + \text{In}(\text{g/t}) * \text{US } \$0.18 + \text{Ag}(\text{g/t}) * \text{US } \$0.22$$
5. The ZnEq value was calculated using the following formula:  

$$\text{ZnEq} = \text{NSR} / \text{US } \$15.34$$
6. Numbers may not add due to rounding.

The Tin Zone Mineral Resources are hosted as disseminated cassiterite and chalcopyrite in massive to semi-massive pyrrhotite lenses at the contact between the Pucará Group and underlying phyllite of the Devonian Excelsior Group. Parts of the Tin Zone mineralization can occur as quartz sulphide stockwork veinlets hosted by the phyllite. Inferred Mineral Resources within the Tin Zone, also reported at an NSR cut-off value of US \$55/t, are estimated to total 14.5 million tonnes at average grades of 0.63% Sn, 0.21% Cu and 18 g/t Ag. Similar to the Zinc Zone, the increase in tonnage is due to an increased volume of the interpreted zones due to additional drilling in 2018.

**Table 5 - Tin Zone Inferred Mineral Resources at Ayawilca Deposit  
As of November 26, 2018**

	Tonnage (Mt)	SnEq (%f)	Sn (%)	Cu (%)	Ag (g/t)	Sn (Mlb)	Cu (Mlb)	Ag (Moz)
<b>Tin Zones</b>	14.5	0.70	0.63	0.21	18	201	67	8

**Notes:**

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported above a cut-off grade of US \$55 per tonne NSR value.
3. The NSR grade was based on estimated metallurgical recoveries, assumed metal prices and smelter terms, which include payable factors, treatment charges, penalties, and refining charges. Metal price assumptions were: US \$9.00/lb Sn, US \$2.85/lb Cu, and US \$15/oz Ag. Metal recovery assumptions were: 86% Sn, 75% Cu, and 60% Ag. The NSR value for each block was calculated using the following NSR factors: US \$155.21 per % Sn, US \$37.59 per % Cu, and US \$0.22 per gram Ag.
4. The NSR value was calculated using the following formula:  $US\$NSR = Sn(\%)*US \$155.21 + Cu(\%)*US \$37.59 + Ag(g/t)*US \$0.22$
5. The SnEq value was calculated using the following formula:  $SnEq = NSR/US \$155.21$
6. Numbers may not add due to rounding.

The Ayawilca - Colquipucro drill database includes 71,200 m in 185 drill holes. The three-dimensional wireframe models were generated using an approximate NSR cut-off value of \$50/t for both Zinc and Tin Zones. Prior to compositing to two metre lengths, high Sn, In, and Ag values were cut to 4%, 350 g/t to 550 g/t, and 100 g/t to 170 g/t depending on area, respectively. Block model grades within the wireframe models were interpolated by inverse distance cubed.

Despite lead grades being low it is assumed that lead and silver will be recovered in a lead concentrate. Density was estimated to be between 3.5 t/m<sup>3</sup> and 3.7 t/m<sup>3</sup> for the Zinc Zones and 3.9 t/m<sup>3</sup> for the Tin Zone based on density measurements from core samples. The Mineral Resources were assigned Indicated or Inferred category in the Zinc Zones and Inferred only in the Tin Zone due to the widely spaced drilling. The classification criteria used to define the Indicated Mineral Resources included spatial analysis, drill hole spacing, and the apparent continuity of the mineralization. The drill hole spacing within the area assigned as Indicated category commonly ranges from 40 m to 70 m. No Mineral Reserves have yet been estimated at Ayawilca.

The Mineral Resource estimate for the Colquipucro silver oxide deposit (Indicated Mineral Resource of 7.4 Mt at a grade of 60 g/t Ag for 14.3 Moz Ag and Inferred Mineral Resource of 8.5 Mt at a grade of 48 g/t Ag for 13.2 Moz Ag, using US \$15/t cut-off and a metal price of \$24/oz Ag) remains unchanged from the February 26, 2015 [news release](#).

A NI 43-101 technical report on the Mineral Resource Estimate for the Ayawilca Property was filed on SEDAR on [January 9, 2019](#).

**Discussion and Analysis**

The Zinc Zone Mineral Resources at Ayawilca have increased substantially since the initial resource estimate in 2015. Drilling in 2018 significantly expanded the Zinc Zone mineralization especially at West Ayawilca, and connected mineralization from zone to zone. Central Ayawilca has now been connected to West Ayawilca through the Camp area. South and Central Ayawilca are partially connected within the tin resource. West Ayawilca connects with South Ayawilca at depth within the zinc resource. Both zinc and tin mineralization were also discovered at Zone 3 for the first time.

One of the most important aspects of the resource expansion has been the additional discovery of high-grade, relatively shallow Zinc Zone mineralization at South and West Ayawilca in 2017 & 2018, much of which has now been upgraded to the Indicated Mineral Resource category. These areas contain the thickest and highest-grade zones of mineralization discovered to date at Ayawilca. Zinc mineralization at West Ayawilca appears to be focussed around the hinge of an anticlinal fold.

The zinc mineralization at Ayawilca is believed to be structurally controlled, fed by flat-dipping thrust faults and also steep feeder structures that penetrate to depth. In 2018, the drill program discovered repetitions of the prospective limestone host rock underneath ledges of the phyllite bounded by low-angle faults, with the lower repeated limestone being mineralized with very high-grade zinc. Based on this model for the formation of the deposit, the Company believes that more potential exists for additional resources underneath the existing resources, possibly within further repetitions of the favourable limestones.

### **Planned Work Program**

The Company commenced the PEA in November 2018. The results of this study are expected to be released during the first half of 2019. The principal QP for the PEA is Wood Group (“Wood”) (previously known as AMEC). An initial field visit was conducted with Wood in early December 2018.

An exploration drill program is planned for April to September 2019. The aim of this program will be to convert additional Inferred Resources to Indicated Resources at West and South Ayawilca, and to target new areas for additional resources.

Metallurgical and mineralogical test work has been ongoing throughout 2018. The focus of this work has been to determine variability of mineralization across the Ayawilca Zinc Zone, focussing on the West and South Ayawilca areas. This work is continuing, and will be published in the PEA.

The Company continues to work constructively with three local communities who live in the vicinity of the project and who own the surface land. Community workers were employed during the drill program to construct access roads and platforms. The focus for the community workers currently is on the rehabilitation of drill sites and access tracks, under the supervision of the Company. The rehabilitation work will continue until the end of January 2019.

### **Qualified Person - Mineral Resources**

The Mineral Resources disclosed in this MD&A have been estimated by Ms. Dorota El Rassi, P.Eng., and Mr. David Ross, P.Geol., both employees of RPA and independent of Tinka. By virtue of their education and relevant experience, Ms. El Rassi and Mr. David Ross are “Qualified Persons” for the purpose of National Instrument 43-101. The Mineral Resources have been classified in accordance with CIM Definition Standards for Mineral Resources and Mineral Reserves (May, 2014). Both Ms. El Rassi, P.Eng. and Mr. David Ross, P.Geol. have read and approved the contents of this press release as it pertains to the disclosed Mineral Resource estimates.

### **Qualified Person**

The qualified person for the Company’s projects, Dr. Graham Carman, President and CEO of the Company and a Fellow of the Australasian Institute of Mining and Metallurgy (“FAUSIMM”), has reviewed and verified the technical information in this MD&A.

### **Selected Financial Data**

The following selected financial information is derived from the audited annual consolidated financial statements of the Company.

	Year Ended September 30,		
	2018 \$	2017 \$	2016 \$
<b>Operations:</b>			
Revenues	Nil	Nil	Nil
Expenses	(3,092,251)	(3,075,818)	(1,480,535)
Other items	275,886	(113,020)	(230,334)
Net loss	(2,816,365)	(3,188,838)	(1,710,869)
Loss per share - basic and diluted	(0.01)	(0.01)	(0.01)
Dividends per share	Nil	Nil	Nil

	Year Ended September 30,		
	2018 \$	2017 \$	2016 \$
<b>Balance Sheet:</b>			
Working capital	13,758,538	5,649,150	1,691,780
Total assets	53,647,845	35,055,174	23,782,063
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2018				Fiscal 2017			
	Sept. 30 2018 \$	Jun. 30 2018 \$	Mar. 31 2018 \$	Dec. 31 2017 \$	Sept. 30 2017 \$	Jun. 30 2017 \$	Mar. 31 2017 \$	Dec. 31 2016 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(880,642)	(975,038)	(612,508)	(624,063)	(747,935)	(701,393)	(1,153,703)	(472,787)
Other items	(4,758)	129,343	48,553	102,748	(71,246)	(129,336)	28,642	58,920
Net loss and comprehensive loss	(885,400)	(845,695)	(563,955)	(521,315)	(819,181)	(830,729)	(1,125,061)	(413,867)
Loss per share -basic and diluted	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital	13,758,538	17,210,606	4,426,093	6,529,914	5,649,150	8,460,307	10,707,494	11,580,424
Total assets	53,647,845	53,562,408	37,909,918	38,192,196	35,055,174	34,618,538	33,834,964	33,871,065
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Results of Operations

### *Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017*

During the three months ended September 30, 2018 (the "Q4/2018") the Company reported a net loss of \$885,400, compared to a net loss of \$819,181 for the three months ended September 30, 2017 (the "Q4/2017"), an increase in loss of \$66,219. The increase in loss is mainly attributed to:

- (i) a \$193,181 increase in share-based compensation expense. During Q4/2018 share-based compensation of \$414,535 (Q4/2017 - \$155,923) was recorded relating to the granting of 7,244,000 (Q4/2017 - 500,000) share options. During Q4/2018 the Company also recorded share-based compensation of \$35,482 (Q4/2017 - \$100,913) on the vesting of share options which were previously granted;
- (ii) a \$82,921 decrease in general exploration, from \$25,104 during Q4/2017 to a \$57,817 recovery during Q4/2018 primarily attributed to reclassification of concession fees to exploration and evaluation assets;
- (iii) during Q4/2018 the Company recorded interest income of \$75,487 (Q4/2017 - \$21,648), an increase of \$53,839. The increase is attributed to significantly higher levels of cash deposited in interest bearing accounts with major financial institutions;
- (iv) professional fees increased by \$45,203 during Q4/2018 to \$98,566 (Q4/2017 - \$53,363). During Q4/2018 the Company paid \$25,000 to an executive recruiting firm to identify a mining engineer to oversee the PEA. An additional \$17,092 was reclassified to corporate development. The Company appointed Mr. McKeown to the Board of Directors on August 17, 2017 and incurred \$6,000 for his professional fees during Q4/2018 (Q4/2017 - \$3,000);
- (v) a \$37,467 decrease in legal expenses, from \$49,365 during Q4/2017 to \$11,897 during Q4/2018. Legal expenses in the comparative period were significantly higher as a result of preparing management agreements, responding to queries from an environmental agency, attending to local employment matters in Peru and listing on the Lima Stock Exchange; and
- (vi) regulatory fees increased by \$36,834 in Q4/2018 to \$51,259 (Q4/2017 - \$14,425). The increase in Q4/2018 was mainly related to the listing and ongoing fee relating to the Company's common shares on the Lima Stock Exchange.

*Year Ended September 30, 2018 Compared to Year Ended September 30, 2017*

During the year ended September 30, 2018 (“fiscal 2018”), the Company reported a net loss of \$2,816,365, compared to a net loss of \$3,188,838 for the year ended September 30, 2017 (“fiscal 2017”), a decrease in loss of \$372,473. The decrease in loss during fiscal 2018 is mainly attributed to the following expenses:

- (i) the Company recognized share-based compensation expense of \$682,920 (2017 - \$1,202,650) on the granting of options to purchase 7,244,000 (2017 - 6,293,750) common shares of the Company. In addition the Company recorded share-based compensation of \$140,389 (2017 - \$61,066) on the vesting of share options which were previously granted;
- (ii) during fiscal 2018 the Company recorded a foreign exchange gain of \$80,557 (2017 - loss of \$134,397), an increase of \$214,954 compared to 2017. The foreign exchange gain for fiscal 2018 arose from the depreciation of the Canadian Dollar compared to the US Dollar and Peruvian Soles;
- (iii) a \$68,413 increase in salaries, wages and benefits, from \$316,644 during fiscal 2017 to \$385,057 during fiscal 2018. The increase is primarily attributed to increased staffing in Peru due to higher levels of activities and performance bonuses awarded;
- (iv) during fiscal 2017 the Company wrote-off \$65,904 of exploration costs attributed to the Rurimarac Property in Peru;
- (v) a \$65,505 increase in management fees, from \$290,003 during fiscal 2017 to \$355,008 in fiscal 2018. On June 1, 2017 the annual remuneration to Dr. Carman, the President and CEO of the Company was increased from \$220,000 to \$280,000. Dr. Carman’s workload and responsibilities expanded in correlation with the exploration efforts of the Company’s Peruvian properties and financing requirements. The Board of Directors also approved a \$75,000 performance bonus to Dr. Carman. See “Transactions with Related Parties”;
- (vi) travel expenses of \$248,900 (2017 - \$184,390) were incurred by management to review exploration activities in Peru, meet with investors to raise capital and attend investment conferences to raise awareness of the Company’s Peruvian exploration plans;
- (vii) a \$61,412 increase in investment conferences, from \$48,422 during fiscal 2017 to \$109,834 during fiscal 2018. The increase is primarily attributed to the Company participating in more investment conferences in Europe and North America;
- (viii) regulatory fees increased by \$57,175 in fiscal 2018 to \$80,127 (2017 - \$22,952). The increase in fiscal 2018 was mainly related to the listing and ongoing fees relating to the Company’s common shares on the Lima Stock Exchange;
- (ix) legal fees increased by \$50,932 in fiscal 2018 to \$126,952 (2017 - \$76,020). The fiscal 2018 fees were mainly related to the listing of the Company’s common shares on the Lima Stock Exchange, whereas legal services provided in fiscal 2017 were primarily attributed to corporate general matters;
- (x) a \$26,975 increase in general exploration, from \$78,719 during fiscal 2017 to \$105,694 in fiscal 2018;
- (xi) incurred \$49,812 (2017 - \$25,779) for shareholder costs, a \$24,033 increase mainly attributed to disseminating significantly more news related to exploration and financing activities; and
- (xii) during fiscal 2018 the Company incurred \$88,516 (2017 - \$64,964) for accounting and administrative fees. The \$23,552 increase is primarily attributed to the increased Peruvian exploration activities and completed equity financings.

The Company holds its cash in interest bearing accounts in major financial institutions. Interest income is generated from the deposits and fluctuates primarily with the levels of cash on deposit. During fiscal 2018 the Company recorded interest income of \$195,329 compared to \$87,281 during fiscal 2017, an increase of \$108,048. The increase is due to the recent equity financings conducted and share options and warrants exercised. As a result, the Company held significantly higher levels of cash throughout fiscal 2018 compared to fiscal 2017.

The carrying costs of the Company's exploration and evaluation assets are as follows:

	As at September 30, 2018			As at September 30, 2017		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Colquipucro	381,318	8,333,515	8,714,833	338,330	7,758,030	8,096,360
Ayawilca	636,708	27,001,832	27,638,540	457,785	17,754,478	18,212,263
Other	-	2,919,465	2,919,465	-	2,554,100	2,554,100
	<u>1,018,026</u>	<u>38,254,812</u>	<u>39,272,838</u>	<u>796,115</u>	<u>28,066,608</u>	<u>28,862,723</u>

Exploration and evaluation activities incurred during fiscal 2018 and fiscal 2017 are as follows:

	Colquipucro \$	Ayawilca \$	Other \$	Total \$
<b>Balance at September 30, 2016</b>	<u>7,766,324</u>	<u>11,963,945</u>	<u>2,194,742</u>	<u>21,925,011</u>
<b>Exploration costs</b>				
Camp costs	3,833	720,133	-	723,966
Community relations	185,540	596,283	-	781,823
Depreciation	-	3,519	-	3,519
Drilling	59,663	4,112,161	-	4,171,824
Environmental	46,043	282,271	-	328,314
Geological	20,676	293,251	-	313,927
Geophysics	5,355	6,032	-	11,387
Metallurgical test work	-	75,977	-	75,977
Software and database management	8,926	8,925	-	17,851
Topography	-	2,069	-	2,069
VAT incurred	-	-	798,412	798,412
VAT recovered	-	-	(373,150)	(373,150)
	<u>330,036</u>	<u>6,100,621</u>	<u>425,262</u>	<u>6,855,919</u>
<b>Acquisition costs</b>				
Concession payments	-	147,697	-	147,697
<b>Impairment</b>	-	-	(65,904)	(65,904)
<b>Balance at September 30, 2017</b>	<u>8,096,360</u>	<u>18,212,263</u>	<u>2,554,100</u>	<u>28,862,723</u>
<b>Exploration costs</b>				
Assays	-	10,717	-	10,717
Camp costs	-	1,109,691	-	1,109,691
Community relations	463,188	1,900,991	-	2,364,179
Consulting	70,217	100,340	-	170,557
Depreciation	-	5,323	-	5,323
Drilling	-	5,216,500	-	5,216,500
Environmental	33,891	292,498	-	326,389
Geological	-	445,818	-	445,818
Metallurgical	-	149,795	-	149,795
Software and database management	8,189	8,356	-	16,545
Topography	-	3,945	-	3,945
Travel	-	3,380	-	3,380
VAT incurred	-	-	1,252,605	1,252,605
VAT recovered	-	-	(887,240)	(887,240)
	<u>575,485</u>	<u>9,247,354</u>	<u>365,365</u>	<u>10,188,204</u>
<b>Acquisition costs</b>				
Concession payments	42,988	178,923	-	221,911
<b>Balance at September 30, 2018</b>	<u>8,714,833</u>	<u>27,638,540</u>	<u>2,919,465</u>	<u>39,272,838</u>

During fiscal 2017 the Company was primarily focused on negotiating access agreements and finalizing its environmental impact assessments. In February 2017 the Company initiated drilling activities at Ayawilca. The drilling program remained active through the remainder of 2017 and followed by a 20,000 metre drill program in

2018. During fiscal 2018 the Company incurred a total of \$10,410,115 (2017 - \$7,003,616) for exploration expenditures and acquisition costs, comprising \$9,426,277 (2017 - \$6,248,318) on the Ayawilca Project, \$618,473 (2017 - \$330,036) on the Colquipucro Project, and \$1,252,605 (2017 - \$798,412) for IVA tax in Peru. During fiscal 2018 the Company received a VAT recovery of \$887,240 (2017 - \$373,150). See also “Exploration Projects, Peru - Recent Exploration Results and Planned Work Program”.

### *Financings*

During fiscal 2018 the Company completed equity financings to raise gross proceeds of \$16,239,496, as follows:

- (i) on April 4, 2018 the Company completed a prospectus offering of 16,790,000 units, at a price of \$0.48 per unit for gross proceeds of \$8,059,200. Each unit comprised one common share and one-half warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.75 per share until April 4, 2019. The Company paid a cash commission of \$483,552; and
- (ii) in April 2018 the Company completed a private placement financing of 17,042,284 units \$0.48 per unit for gross proceeds of \$8,180,296. Each unit comprised one common share and one-half warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.75 per share for one year from closing. On April 6, 2018 the Company closed on the first tranche of 12,022,284 units for gross proceeds of \$5,770,696. A cash commission of \$38,963 was paid on the first tranche placement. On April 27, 2018 the Company closed on the remaining tranche of 5,020,000 units for proceeds of \$2,409,600. No cash commission was paid on the remaining tranche.

In addition, during fiscal 2018 the Company issued a total of 16,846,596 common shares on the exercises of warrants and share options for total proceeds of \$5,203,154. The Company plans to use the proceeds from the financings and warrant and option exercises to fund exploration expenditures at the Ayawilca Project, preparation of a PEA, as well as for other corporate purposes and general working capital.

During fiscal 2017 the Company completed a private placement financing and issued a total of 55,000,000 common shares for gross proceeds of \$11,000,000. The Company used the net proceeds from the financing to fund the 2017 drilling program at the Company’s Ayawilca Project in Peru, as well as for other exploration expenditures, corporate purposes and general working capital. In addition, during fiscal 2017 the Company received \$2,382,781 from the exercise of share options and warrants.

### **Financial Condition / Capital Resources**

The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. To date the Company has not earned significant revenues and is considered to be in the exploration stage. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. As at September 30, 2018 the Company had working capital in the amount of \$13,758,538. Management considers that the Company has sufficient funds to maintain ongoing corporate overhead, field expenses, complete its current drill program and metallurgical tests on Ayawilca, complete the PEA and continue ongoing exploration activities on its existing mineral projects. Exploration activities may change as a result of ongoing results and recommendations or the Company may acquire additional properties which may entail significant exploration commitments. While the Company has been successful in securing financings in the past, there is material uncertainty it will be able to do so in the future.

Subsequent to September 30, 2018 the Company received \$393,566 on the exercises of warrants and share options.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Proposed Transactions**

The Company has no proposed transactions.

## Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of all the Company's significant critical accounting estimates is included in Note 3 to the September 30, 2018 annual consolidated financial statements.

## Changes in Accounting Policies

There are no changes in accounting policies.

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the September 30, 2018 annual consolidated financial statements.

## Transactions with Related Parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

### (a) *Transactions with Key Management Personnel*

During fiscal 2018 and 2017 the Company the following amounts were incurred with respect to the Company's CEO (Dr. Carman), the Company's CFO (Mr. Nick DeMare) and the Company's VP of Exploration (Mr. Alvaro Fernandez-Baca) as follows:

	2018 \$	2017 \$
Management fees - Dr. Carman	355,008	290,003
Professional fees - Mr. DeMare	30,000	30,000
Professional fees - Mr. Fernandez-Baca	237,725	254,708
Share-based compensation - Dr. Carman	171,523	157,180
Share-based compensation - Mr. DeMare	33,196	81,800
Share-based compensation - Mr. Fernandez-Baca	79,675	66,689
	<u>907,127</u>	<u>880,380</u>

During fiscal 2018 the Company expensed \$355,008 (2017 - \$290,003) to management fees, \$149,090 (2017 - \$152,857) to professional fees and \$284,394 (2017 - \$305,669) for share-based compensation. In addition the Company capitalized \$118,635 (2017 - \$131,851) of Mr. Fernandez-Baca's compensation to exploration and evaluation assets.

As at September 30, 2018, \$27,743 (2017 - \$nil) remained unpaid.

### (b) *Transactions with Other Related Parties*

(i) During fiscal 2018 and 2017 the following amounts were incurred for professional services provided by non-management current and former directors of the Company (Mary Little, Ben McKeown, and David Henstridge ) and the Corporate Secretary (Mariana Bermudez):

	2018 \$	2017 \$
Professional fees - Ms. Little (current director) <sup>(1)</sup>	24,000	24,000
Professional fees - Mr. McKeown (current director) <sup>(2)</sup>	24,000	-

	2018	2017
	\$	\$
Professional fees - Mr. Henstridge (former director) <sup>(3)</sup>	3,000	24,000
Professional fees - Ms. Bermudez <sup>(4)</sup>	50,740	35,294
Share-based compensation - Ms. Little	35,750	81,800
Share-based compensation - Mr. McKeown	85,119	155,923
Share-based compensation - Mr. Henstridge	-	81,800
Share-based compensation - Ms. Bermudez	27,664	56,237
	<u>250,273</u>	<u>462,054</u>

(1) Appointed on March 23, 2016.

(2) Appointed director on August 17, 2017 and appointed non-executive Chairman on February 14, 2018.

(3) Resigned on November 15, 2017.

(4) Since June 1, 2017, Ms. Bermudez compensation is billed by a private corporation owned by Ms. Bermudez. Prior thereto Ms. Bermudez was employed by Mawson Resources Limited ("Mawson") and her time was allocated to the Company.

As at September 30, 2018, \$10,000 (2017 - \$9,000) remained unpaid.

- (ii) During fiscal 2018 the Company incurred a total of \$55,450 (2017 - \$39,050) with Chase, a private corporation owned by Mr. DeMare, for accounting and administrative services provided by Chase personnel, excluding Mr. DeMare, and \$4,020 (2017 - \$4,020) for rent. As at September 30, 2018 \$7,000 (2017 - \$7,670) remained unpaid.

During fiscal 2018 the Company also recorded \$11,065 (2017 - \$15,337) for share-based compensation for share options granted to Chase.

### **Risks and Uncertainties**

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance with all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral properties are located in Peru and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares with no par value. As at January 22, 2019, there were 264,609,029 issued common shares, 29,298,485 warrants outstanding exercisable at prices ranging from \$0.45 to \$0.75 per share and 12,008,000 share options outstanding, at exercise prices ranging from \$0.25 to \$0.50 per share.